



Ninety-Ninth Legislature - First Session - 2005
Committee Statement
LB 628

Hearing Date: March 2, 2005

Committee On: Revenue

Introducer(s): (Howard)

Title: Impose sales tax on snack foods and use the revenue for school facilities

Roll Call Vote – Final Committee Action:

Advanced to General File

Advanced to General File with Amendments

X Indefinitely Postponed

Vote Results:

6	Yes	Senators Baker, Cornett, Janssen, Landis, Preister and Raikes
0	No	
0	Present, not voting	
2	Absent	Senators Connealy and Redfield

Proponents:

Senator Gwen Howard
Jim Griess

Representing:

Introducer
Nebraska State Education Association

Opponents:

None

Representing:

Neutral:

James Cavanaugh

Representing:

National Confectioners Association and
Snack Food Association

Paul O'Hara

Kathy Siefken

Nebraska Soft Drink Association

Nebraska Grocery Industry Association

Summary of purpose and/or changes:

LB 628 would have created the Nebraska School Facilities Trust Fund consisting of all proceeds from state and local sales and use taxes levied on snack foods. "Snack foods" were defined in section 4 as soft drinks, candy, gum, chips, cheese puffs, pretzels, pork rinds, popcorn, cookies, cakes, donuts, and other pastries. The money in the Fund would have been distributed to schools to construct, maintain and equip school buildings.

Section 2 would have provided that the Fund be maintained by the State Treasurer and disbursements from the Fund were to be made by D.A.S. warrants. Distributions would have been made each September based on adjusted formula students as of the previous November 1, times the capital needs weighting factor and the cost-per-square-foot weighting factor. The capital needs weighting factor allowed the distribution to be two-tenths or three-tenths higher per student if the average age of buildings was over a certain age that was undefined in the bill. The cost-per-square-foot factor increased the distribution by two-tenths per student if the school capacity was over or under a certain undefined amount.

Section 3 would have required the school to deposit proceeds from the Fund into a separate fund to be used exclusively for school buildings, including new construction, hazardous material abatement, and Americans with Disabilities Act compliance. Section 4 would have amended section 77-2704.10, the sales and use tax exemption for meals served by certain organizations, to include sales of snack food. Section 5 would have amended section 77-2704.24 to exclude snack food from the general exemption from sales tax for food. This section also provided a definition for snack food.

Section 6 would have amended section 77-27,132 to include the Nebraska School Facilities Trust Fund in the section which directs the Tax Commissioner to deposit most sales taxes collected on motor vehicles in the Highway Trust Fund rather than the State General Fund. Section 7 would have amended section 79-1018.01 to include receipts from the Fund as an accountable receipt for school aid purposes. The act was to be operative October 1, 2005.

Explanation of amendments, if any:

Senator David Landis, Chairperson